



General Assembly

Amendment

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LCO No. 5879

SB0115705879SD0

Offered by:

SEN. DAILY, 33rd Dist.

REP. WIDLITZ, 98th Dist.

To: Subst. Senate Bill No. 1157

File No. 613

Cal. No. 380

**"AN ACT CONCERNING THE RESTORATION OF THE ENERGY
CONSERVATION AND LOAD MANAGEMENT FUND."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Subdivisions (19) and (20) of subsection (a) of section 16-
4 245e of the general statutes are repealed and the following is
5 substituted in lieu thereof (*Effective from passage*):

6 (19) "Economic recovery transfer" means the disbursement to the
7 General Fund of nine hundred fifty-six million dollars from proceeds
8 of the issuance of the economic recovery revenue bonds, which
9 disbursement shall be reduced as provided in section 139 of public act
10 10-179 and, notwithstanding the provisions of section 4-30b, shall be
11 reduced further by an amount equal to the estimated General Fund
12 surplus as of June 30, 2011, as reflected in the Comptroller's May
13 cumulative monthly financial statement, issued pursuant to section 3-
14 115 and in accordance with section 6 of this act; and

15 (20) "Economic recovery revenue bonds" means rate reduction
16 bonds issued to fund the economic recovery transfer, the costs of
17 issuance, credit enhancements, operating expenses and such other
18 costs as the finance authority deems necessary or advisable, and which
19 shall be payable from competitive transition assessment charges that
20 replace the competitive transition assessment charges funding
21 stranded costs, [and that are offset in part by decreases to the charges
22 funding the Energy Conservation and Load Management Fund, as
23 provided in subdivision (3) of subsection (a) of section 16-245m.]

24 Sec. 2. Subsection (b) of section 16-245f of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective from*
26 *passage*):

27 (b) Prior to September 1, 2010, each electric distribution company
28 shall submit to the department an application for a financing order
29 with respect to funding the economic recovery transfer through the
30 issuance of economic recovery revenue bonds. The department shall
31 hold a hearing for each such electric distribution company to
32 determine the amount necessary to fund the economic recovery
33 transfer, the payment of economic recovery revenue bonds, costs of
34 issuance, credit enhancements and operating expenses for the
35 economic recovery revenue bonds. Such amount as determined by the
36 department shall constitute transition property. The department shall
37 allocate the responsibility for the funding of the economic recovery
38 transfer and the expenses of the economic recovery revenue bonds
39 equitably between the electric distribution companies. Such allocation
40 may provide that the respective charges payable by the customers of
41 each electric distribution company may commence on different dates
42 and that such rates may vary over the period the economic recovery
43 revenue bonds and the related operating expenses are being paid,
44 provided (1) such charges are equitably allocated to the customers of
45 each electric distribution company, and (2) the department determines
46 that, over such period, and taking into account the timing of charges,
47 the charges on a kilowatt hour basis assessed to the customers of the
48 respective electric distribution companies have substantially the same

49 present value after consultation with the finance authority as to the
50 discount rate to be used in determining such present value. Any
51 hearing with respect to a financing order in respect to the economic
52 recovery transfer and the issuance of economic recovery revenue
53 bonds shall not be a contested case, as defined in section 4-166. The
54 department shall issue a financing order in respect to the economic
55 recovery revenue bonds for each electric distribution company on or
56 before October 1, 2010. In such financing order, the department shall
57 determine the competitive transition assessment in respect of the
58 economic recovery revenue bonds, which shall not be assessed prior to
59 June 30, 2011, unless the department sets an earlier date in the
60 financing order. [A] If there are decreases to the charges as provided in
61 subdivision (3) of subsection (a) of section 16-245m, as amended by
62 this act, a component of the competitive transition assessment in
63 respect of the economic recovery revenue bonds shall be equal to the
64 decreases to the charges provided in subdivision (3) of subsection (a)
65 of section 16-245m, as amended by this act, funding the Energy
66 Conservation and Load Management Fund. The portion of the
67 competitive transition assessment in respect to the economic recovery
68 revenue bonds equal to such decreases shall be assessed and collected
69 from the date such charges are reduced pursuant to the financing
70 order. The department may provide in such financing order that
71 money from other sources, including proceeds of charges assessed
72 customers of municipal electric companies, transferred to the trustee
73 under the indenture and intended to be used to pay debt service on the
74 bonds shall be taken into account in making adjustments to the
75 competitive transition assessment pursuant to subdivision (2) of
76 subsection (b) of section 16-245i if such payment is not made from
77 General Fund revenues and would not adversely affect the tax status
78 or credit rating of economic recovery revenue bonds.

79 Sec. 3. Subdivision (4) of subsection (c) of section 16-245j of the
80 general statutes is repealed and the following is substituted in lieu
81 thereof (*Effective from passage*):

82 (4) (A) The proceeds of any rate reduction bonds, other than

83 economic recovery revenue bonds, shall be used for the purposes
84 approved by the department in the financing order, including, but not
85 limited to, disbursements to the General Fund in substitution for such
86 disbursements from the Energy Conservation and Load Management
87 Fund established by section 16-245m, as amended by this act and from
88 the Renewable Energy Investment Fund established by section 16-
89 245n, the costs of refinancing or retiring of debt of the electric company
90 or electric distribution company, and associated federal and state tax
91 liabilities; provided such proceeds shall not be applied to purchase
92 generation assets or to purchase or redeem stock or to pay dividends
93 to shareholders or operating expenses other than taxes resulting from
94 the receipt of such proceeds.

95 (B) The proceeds of any economic recovery revenue bonds shall be
96 used for the purposes approved by the department in the financing
97 order, including, but not limited to, funding the economic recovery
98 transfer, provided such proceeds shall not be applied to purchase
99 generation assets or to purchase or redeem stock or to pay dividends
100 to shareholders or operating expenses other than taxes resulting from
101 the receipt of such proceeds.

102 (C) The finance authority is authorized, without any further
103 proceeding before the department, to structure the terms of the
104 economic recovery revenue bonds by applying the provisions of the
105 financing order for the economic recovery revenue bonds and the
106 provisions of sections 16-245e to 16-245m, inclusive, as amended by
107 this act.

108 Sec. 4. Subsection (d) of section 16-245j of the general statutes is
109 repealed and the following is substituted in lieu thereof (*Effective from*
110 *passage*):

111 (d) Any rate reduction bonds issued or sold pursuant to or in
112 reliance on and in accordance with any financing order issued by the
113 department pursuant to sections 16-245e to 16-245k, inclusive, as
114 amended by this act, shall be valid and binding and the transition

115 property from which such bonds are payable shall be enforceable in
116 accordance with their terms, notwithstanding such financing order is
117 later vacated, modified, or otherwise held to be wholly or partly
118 invalid, unless operation of such financing order has been enjoined,
119 stayed, or suspended by the department or a court of competent
120 jurisdiction prior to such issuance.

121 Sec. 5. Subsection (a) of section 16-245m of the general statutes is
122 repealed and the following is substituted in lieu thereof (*Effective from*
123 *passage*):

124 (a) (1) On and after January 1, 2000, the Department of Public Utility
125 Control shall assess or cause to be assessed a charge of three mills per
126 kilowatt hour of electricity sold to each end use customer of an electric
127 distribution company to be used to implement the program as
128 provided in this section for conservation and load management
129 programs but not for the amortization of costs incurred prior to July 1,
130 1997, for such conservation and load management programs.

131 (2) Notwithstanding the provisions of this section, receipts from
132 such charge shall be disbursed to the resources of the General Fund
133 during the period from July 1, 2003, to June 30, 2005, unless the
134 department shall, on or before October 30, 2003, issue a financing order
135 for each affected electric distribution company in accordance with
136 sections 16-245e to 16-245k, inclusive, as amended by this act, to
137 sustain funding of conservation and load management programs by
138 substituting an equivalent amount, as determined by the department
139 in such financing order, of proceeds of rate reduction bonds for
140 disbursement to the resources of the General Fund during the period
141 from July 1, 2003, to June 30, 2005. The department may authorize in
142 such financing order the issuance of rate reduction bonds that
143 substitute for disbursement to the General Fund for receipts of both
144 the charge under this subsection and under subsection (b) of section
145 16-245n and also may, in its discretion, authorize the issuance of rate
146 reduction bonds under this subsection and subsection (b) of section 16-
147 245n that relate to more than one electric distribution company. The

148 department shall, in such financing order or other appropriate order,
149 offset any increase in the competitive transition assessment necessary
150 to pay principal, premium, if any, interest and expenses of the issuance
151 of such rate reduction bonds by making an equivalent reduction to the
152 charge imposed under this subsection, provided any failure to offset
153 all or any portion of such increase in the competitive transition
154 assessment shall not affect the need to implement the full amount of
155 such increase as required by this subsection and by sections 16-245e to
156 16-245k, inclusive, as amended by this act. Such financing order shall
157 also provide if the rate reduction bonds are not issued, any
158 unrecovered funds expended and committed by the electric
159 distribution companies for conservation and load management
160 programs, provided such expenditures were approved by the
161 department after August 20, 2003, and prior to the date of
162 determination that the rate reduction bonds cannot be issued, shall be
163 recovered by the companies from their respective competitive
164 transition assessment or systems benefits charge but such expenditures
165 shall not exceed four million dollars per month. All receipts from the
166 remaining charge imposed under this subsection, after reduction of
167 such charge to offset the increase in the competitive transition
168 assessment as provided in this subsection, shall be disbursed to the
169 Energy Conservation and Load Management Fund commencing as of
170 July 1, 2003. Any increase in the competitive transition assessment or
171 decrease in the conservation and load management component of an
172 electric distribution company's rates resulting from the issuance of or
173 obligations under rate reduction bonds shall be included as rate
174 adjustments on customer bills.

175 (3) (A) In the financing order authorizing the economic recovery
176 revenue bonds, or other appropriate order, the department shall
177 reduce the charge assessed by subdivision (1) of this subsection by
178 thirty-five per cent. Such reduction shall become effective on April 4,
179 2012, or such earlier date set by the department in the financing order.
180 An amount equivalent to such reduction shall constitute a portion of
181 the competitive transition assessment in respect of the economic

182 recovery revenue bonds, provided any failure to offset all or any
183 portion of such competitive transition assessment shall not affect the
184 requirement to implement the full amount of such competitive
185 transition assessment, as required by sections 16-245e to 16-245k,
186 inclusive, as amended by this act. All receipts from the remaining
187 charge, after reduction of such charge as provided in this subsection,
188 shall be disbursed to the Energy Conservation and Load Management
189 Fund. The competitive transition assessment in respect to the economic
190 recovery revenue bonds or the decrease in the conservation and load
191 management component of an electric distribution company's rates
192 resulting from the issuance of or obligations under the economic
193 recovery revenue bonds shall be included as rate adjustments on
194 customer bills.

195 (B) Notwithstanding the provisions of subparagraph (A) of this
196 subdivision, there shall be no reduction in the charge assessed by
197 subdivision (1) of this subsection if the economic recovery transfer is
198 reduced by one hundred sixty-six million six hundred thousand
199 dollars, or more, because the amount of the estimated General Fund
200 surplus contained in the cumulative monthly statement prepared by
201 the Comptroller pursuant to section 3-115 and section 6 of this act is
202 equal to or exceeds said amount. If the economic recovery transfer is
203 reduced by less than one hundred sixty-six million six hundred
204 thousand dollars because the amount of the estimated General Fund
205 surplus contained in said statement is less than said amount, the
206 amount of the reduction to the charge assessed in subdivision (1) of
207 this subsection shall be the same percentage of thirty-five per cent as
208 the reduction of the economic recovery transfer described in
209 subdivision (19) of subsection (a) of section 16-245e, as amended by
210 this act, is to one hundred sixty-six million six hundred thousand
211 dollars, as calculated by the finance authority.

212 Sec. 6. *(Effective from passage)* (a) For purposes of the cumulative
213 monthly financial statement prepared by the Comptroller pursuant to
214 section 3-115 of the general statutes, and issued in May, 2011, said
215 statement shall be prepared without taking into account any reduction

216 to the economic recovery transfer directed by sections 16-245e of the
 217 general statutes, as amended by this act, 16-245f of the general statutes,
 218 as amended by this act, 16-245j of the general statutes, as amended by
 219 this act, and 16-245m of the general statutes, as amended by this act,
 220 and said statement shall specify that any General Fund surplus
 221 projected in said statement was determined without taking into
 222 account such reduction to the economic recovery transfer.

223 (b) The Comptroller shall include in said statement the revised
 224 amount of the economic recovery transfer to be paid from the proceeds
 225 of the economic recovery revenue bonds after any estimated surplus in
 226 such statement has been used to reduce such economic recovery
 227 transfer.

228 Sec. 7. (*Effective from passage*) The Comptroller shall accrue to the
 229 General Fund the revenues generated by the issuance of economic
 230 recovery revenue bonds to the fiscal year ending June 30, 2011, if such
 231 bonds are issued prior to August 15, 2011."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245e(a)(19) and (20)
Sec. 2	<i>from passage</i>	16-245f(b)
Sec. 3	<i>from passage</i>	16-245j(c)(4)
Sec. 4	<i>from passage</i>	16-245j(d)
Sec. 5	<i>from passage</i>	16-245m(a)
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section